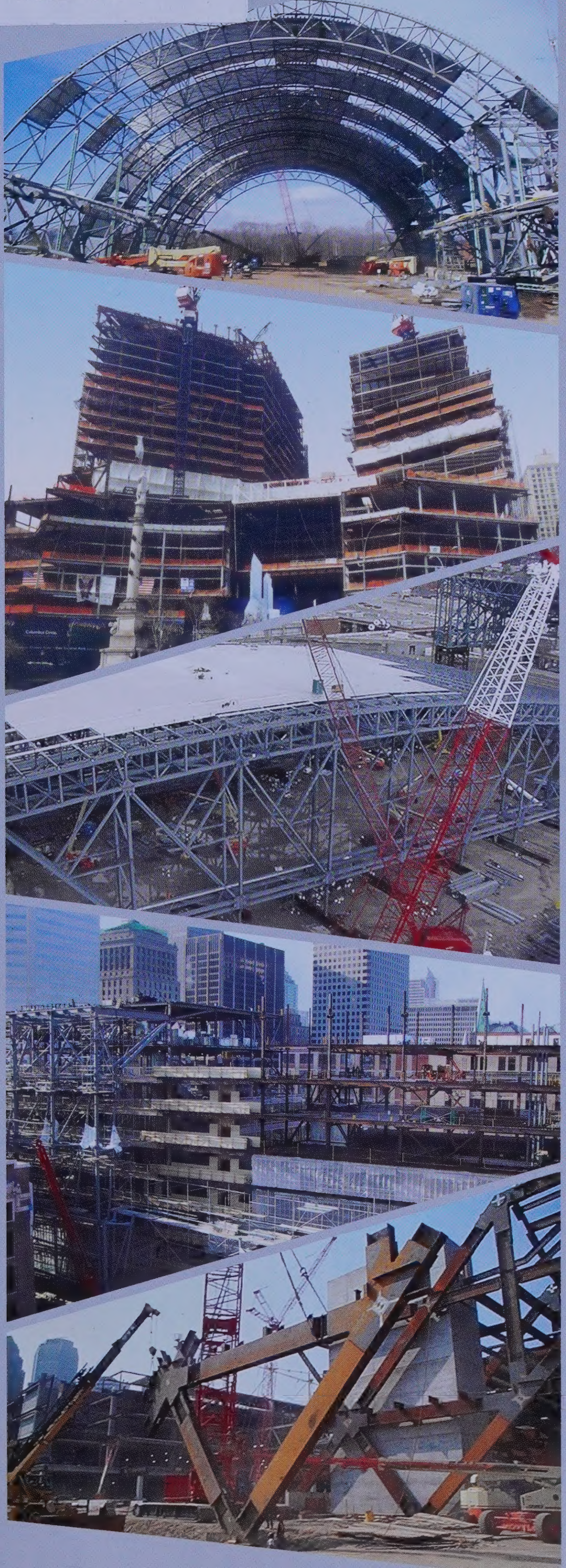


ADF Group Inc.

Excellence Built On Experience In Structural Steel Megaprojects

THE PEOPLE BEHIND THE

OPTIMAL STRUCTURAL DESIGN

OSD SOLUTION

Leader in Structural Steel Megaprojects

Profile

Founded in 1956, **ADF Group Inc. ("ADF" or the "Company")** is a North American leader in the design, engineering, fabrication and installation of steel superstructures, as well as in architectural metal work. To that end, ADF operates four fabrication plants — two in Canada and two in the United States — combining an important fabrication capacity. Benefiting from a skilled workforce of 1,443 employees and an avant-garde team of 185 engineers and designers, the Company stands apart for its proactive and global approach to project management, which enables it to provide clients with innovative and competitive solutions, along with fast and rigorous execution of every phase of a project. These strengths position ADF to address the most challenging megaprojects in terms of schedule and technological complexity.

Having developed solid business relationships with its clients, which include several of the leading general contractors and engineering firms in North America, ADF has a strong expertise in three segments of the non-residential construction market:

- **large-scale commercial and institutional projects**
  (office towers, hotels, convention centres, government buildings, sports complexes, museums, recreational tourism facilities, etc.)
- **large-scale industrial projects**
  (power stations, petrochemical complexes, automotive assembly lines, various manufacturing facilities)
- **large-scale public infrastructures**
  (airport facilities, aerospace complexes, electrical infrastructures, bridges and overpasses, etc.)

Financial and Stock Market Highlights

Fiscal years ended January 31

(in thousands of $, except for per-share amounts, percentages and ratios)

Financial Performance	2002	2001	2000	1999	1998
Sales	**$510,179**	$334,385	$218,203	$108,900	$74,028
EBITDA (1)	**$48,748**	$45,723	$32,410	$21,251	$10,701
Depreciation of capital assets	**$5,938**	$4,399	$3,343	$1,942	$1,326
Interest (net)	**$8,190**	$5,877	$3,235	$2,624	$1,724
Net earnings	**$25,224**	$24,215	$15,455	$11,784	$5,114
• per share	**$0.94**	$1.11	$0.73	$0.56	$0.24
• fully diluted per share	**$0.93**	$1.11	-	-	-
Cash flow from operations (before changes in non-cash working capital items)	**$33,289**	$30,188	$21,762	$13,980	$7,325
• per share	**$1.29**	$1.39	$1.03	$0.67	$0.35
Acquisition of capital assets	**$9,464**	$24,192	$7,563	$22,863	$6,618
Business acquisitions (divestitures)	**$(2,310)**	$(546)	-	$2,010	-
Increase (decrease) in other assets	**$(4,589)**	$(1,971)	$8,555	$(149)	$511
Financial Position					
Total assets	**$392,526**	$298,799	$173,939	$114,446	$51,756
Working capital	**$184,888**	$114 082	$62,462	$27,253	$4,786
• current ratio	**2.35:1**	2.00:1	2.06:1	1.58:1	1.15:1
Shareholders' equity	**$200,040**	$135,815	$90,755	$43,681	$11,537
Total net indebtedness (2)	**$110,704**	$93,990	$42,808	$44,701	$23,497
• % of total invested capital (3)	**36%**	41%	32%	51%	67%
Information on Share Capital					
Number of subordinate voting shares	**12,417**	7,717	7,163		
Number of multiple voting shares	**14,343**	14,343	14,343		
Number of subordinate share purchase warrants	**950**	450	-		
Share price:					
- high	**$15.24**	$12.00	$13.00		
- low	**$8.00**	$7.05	$7.50		
- close (as at January 31)	**$13.62**	$8.90	$10.95		
Trading volume (in thousands)	**198,443**	187,843	11,664		
Market capitalization (as at January 31)	**$364,471**	$196,338	$235,489		

(1) Earnings before depreciation, amortization, interest, gain on disposals, income taxes and non-controlling interest
(2) Long-term debt including the current portion, plus bank indebtedness net of available cash
(3) Total net indebtedness divided by the sum of total net indebtedness and shareholders' equity

Stock Performance

In comparison with TSE 300 Index

(July 21, 1999 to January 31, 2002)

2001-2002 Achievements

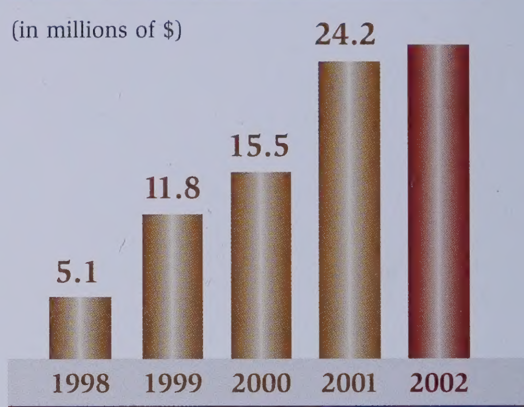
Sales **510.2**

(in millions of $)

Compound annual growth rate: 62%

Net Earnings **25.3**

(in millions of $)



Compound annual growth rate: 49%

Financial Performance:

- Sales of $510.2 million, up 53%
- Net earnings of $25.3 million, up 4.4%
- 15% return on shareholders' equity

Market Development:

- Obtaining of major contracts, primarily for high-rise buildings (New York, Montreal), cultural and recreational facilities (Virginia, New York, Miami, Washington) and airport facilities (Toronto, Miami)
- Marketing of the OSD (Optimal Structural Design) solution: another competitive edge for ADF
- CASE accreditation (Certified Advanced Steel Erector)
- Opening of a sales office in São Paulo, Brazil
- Acquisition of SMI-Owen Steel's fabrication plant in South Carolina: a complementary business providing ADF with additional growth leverage in its target markets in the United States

Operational Development:

- Optimization of previous investments at the Terrebonne plant, and increased productivity at the Lachine facilities
- Greater focus on core business (design, engineering, fabrication and installation of complex steel superstructures): divestiture or amalgamation of five related services subsidiaries
- Better targeting of organizational resources and efforts towards the Company's mission and core business
- Implementation of an integrated management information software package and a centralized data storage system

2002-2003 Objectives

Grow Revenues by 20% and Maintain High Profitability

- Efficiently integrate Owen Steel Company's operations and maximize operational and administrative synergies
- Continue to optimize the utilization of resources, productivity and efficiency throughout the Group
- Consolidate our leadership in Eastern Canada and Eastern United States, and increase our presence in the American Midwest and Southern states
- Develop the power station infrastructures market in North America
- Establish a presence in South America, primarily in Brazil
- Continue to study business opportunities abroad

Message to Shareholders

Pierre, Marise and Jean Paschini

For a fifth consecutive year, ADF Group posted outstanding growth in 2001-2002, increasing its sales by 53%. To efficiently meet the challenges of such an expansion, we undertook to focus all our efforts and resources on our core business: the design, engineering, fabrication and installation of complex steel superstructures. In March 2002, the acquisition of Owen Steel's fabrication plant in South Carolina was the next logical move in this direction, bringing us one step closer to accomplishing our mission as the North American leader in highly technical megaprojects on fast-track schedules.

Our revenues topped the half-billion dollar mark last fiscal year, rising to $510.2 million

from $334.4 million in the previous fiscal year. We thereby surpassed by 20% the $425 million objective set at the beginning of the year. Achieved during an economic slowdown, this performance underscores the geographical and sectoral diversification of our market positioning and expertise, which enables us to seize the best business opportunities when, and where they arise. In 2001-2002, we were particularly active in the sectors of high-rise buildings as well as cultural, recreational and airport facilities. We recorded 80% of our sales in the United States, half of which in New York City alone.

Net earnings rose 4.4% to $25.3 million or $0,94 per share.

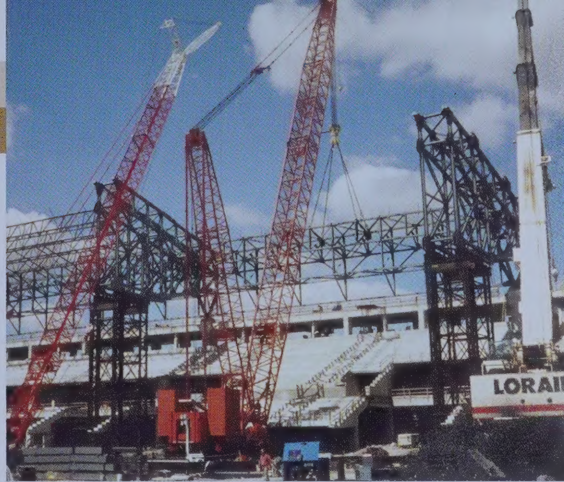
ADF delivered a 15% return on shareholders' equity. Earnings per share for fiscal 2002 would have been $0.25 higher were it not for the fact that during the fourth quarter, we acted conservatively by provisioning a pre-tax amount of Cdn$11.3 million, associated with the additions and changes made to various projects during the year, especially the Lions Stadium in Detroit. Given the growing importance of large-scale projects on fast-track schedules, work is often started before the plans are finalized. Changes have therefore become common in the industry. According to our conservative approach, we recognize only a portion of the profits on such modifications, until final settlements with our clients. In the case of the Detroit project, the number of changes was such that we decided not to recognize any profits on these modifications for the moment. Considering the current economic context, we believe that this decision was reasonable and in the best interest of our shareholders. We hope to recover part of these provisions in fiscal years 2003 and 2004.

Consistent with our objective for 2001-2002, we implemented a series of measures aimed at enhancing our overall operating efficiency and profitability, and positioning ADF even more strongly through the excellence and innovativeness of its project management approach. We optimized the previous year's investments at our Terrebonne facilities, raising productivity in each quarter. We also improved management of operations at the Lachine plant, which had a positive impact on its productivity and staff motivation. In February 2002, a new three-year social contract was ratified by 94% of its employees, an additional guarantee of stability for this ADF unit.

In order to concentrate our efforts and cash resources on our core business, and improve profitability and return on assets, we rationalized our related services infrastructure by divesting our interest in certain subsidiaries and merging other units with our core operations. Long-term agreements were concluded with the buyers of the companies we disposed of, who will continue to provide ADF with quality services at a competitive price.

Also, to improve efficiency and better focus our human resources and work methods, we simplified our organizational structure, reorganized some departments and broadened some of our teams. Besides enhancing productivity and the allocation of tasks, our main objectives were to maximize the sharing of know-how and to facilitate communication and team work between departments: the cornerstone of ADF's business model.

Concurrently, we invested over $2 million, including employee training, in the purchase and initial implementation of an integrated management software package, along with a centralized data storage solution. Besides increased security, these technological tools allow for real-time monitoring, efficient transfer of information between our various departments, business centres and subsidiaries, electronic storage of drawings and designs, and archiving of critical data related to all spheres of our operations.



This evolving technological platform will support the efficient integration of our operations as we further expand across North America, and eventually on the international scene.

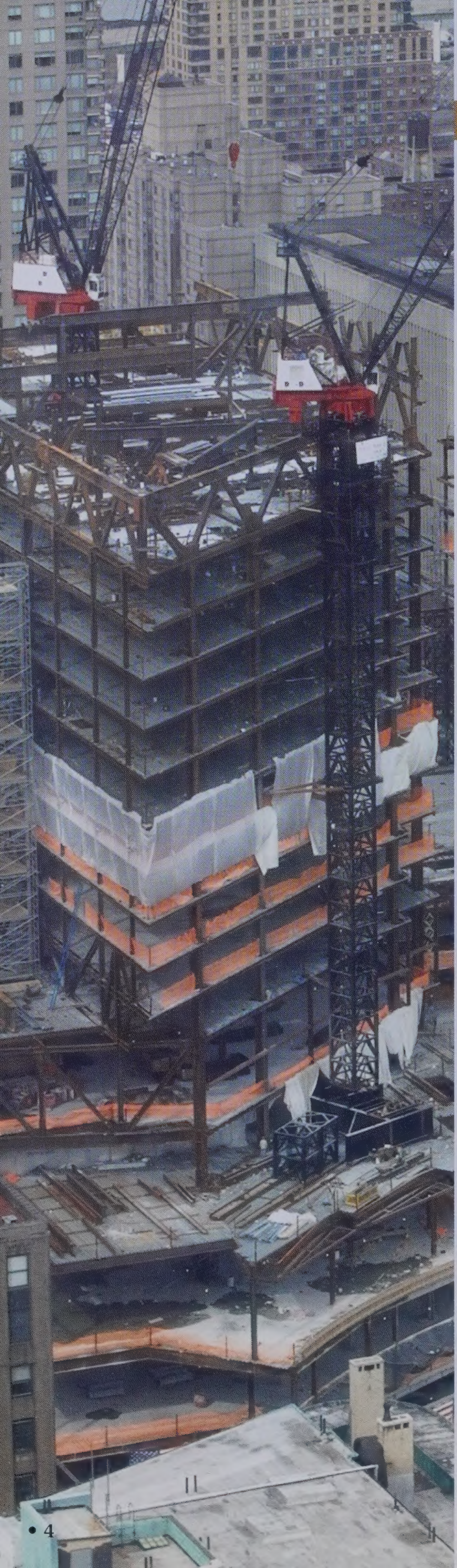
All our efforts and investments converge towards one goal: rise as a leader in our industry

by further differentiating ourselves through ADF's unique way. In fact, our greatest asset is our committed, proactive, skilled and focused personnel. Above all, we owe our success to team work, collective effort, a perpetual synergy of ideas, audacity and expertise, that enable us to provide clients with innovative, less costly, more efficient and faster solutions, and therefore set new standards in the industry.

OPTIMAL STRUCTURAL DESIGN
OSD
SOLUTION

Last year for instance, our OSD (Optimal Structural Design) solution, resulting from the integration of our various expertise, was instrumental in ADF's being selected for, and successfully achieving several major projects, some of which under highly complex conditions.

Aside from reorganizing our resources and investing in state-of-the-art technologies, we took steps to further enhance the key competitive advantages that our quality personnel, proven reputation with important project owners and accredited work procedures provide ADF.



In January 2002, we obtained CASE (Certified Advanced Steel Erector) certification, to which less than 30 structural steel erection companies currently comply with in all of North America. ADF thereby becomes one of the very few industry players to combine CASE certification for its installation services and AISC (American Institute of Steel Construction) accreditation for fabrication. Finally, we are currently upgrading our human resource management practices to better match each employee's goals with corporate objectives and promote the principles of accountability, cooperation, performance, respect as well as personal and collective initiative underlying ADF's success.

On the acquisitions market, we found in Owen Steel Company's fabrication plant an ideal complement

to our North American expansion strategy, given the opportunities it offers in terms of both geographical positioning and sectoral know-how — key conditions to its integration into the ADF Group. Not only did we integrate a competitor, but this acquisition strengthens our position in the dynamic market of the Southern United States, while also securing a foothold in some regions where we had little or no presence, such as Boston, Chicago, Philadelphia and Atlanta. Owen Steel has 66 years of recognized expertise in sectors we specialize in or have targeted as part of our development strategy, including office towers, sports complexes, bridges and the energy industry.

The purchase of Owen Steel, now a wholly-owned subsidiary of ADF, will add over $80 million to our annualized sales and will start contributing to our profitability as of the second half of fiscal 2002-2003. On one hand, its annual fabrication capacity of 25,000 tons will allow us to better serve our U.S. clients, and on the other hand, Owen Steel will be in a position to pursue its development within a group dedicated to the same core business and mission. In the coming months, we will focus on integrating this new unit as efficiently and diligently as possible, by implementing ADF's business model to ensure common operational procedures and administrative practices.

In 2002-2003, besides integrating Owen Steel and further optimizing our efficiency,
we intend to consolidate our presence in Eastern Canada and Eastern United States and to extend our reach in the South and Midwest U.S., as well as abroad.

We are aiming for total sales growth of approximately 20% for the next fiscal year, which will come primarily from our recent acquisition. Over the longer term, considering the potential of both our traditional markets and those we intend to develop, we expect to maintain a solid growth rate while remaining selective about the projects we target. In Canada, we will continue to focus on Quebec and Ontario, where we have identified several opportunities, mostly with regard to office towers, airport facilities and the automotive industry.

In the Northeastern United States, where ADF has already established an enviable reputation and a solid relationship with several leading contractors, the acquisition of Owen Steel will enable us to consolidate our position in our current niches and to systematically develop the fast-growing energy market in the U.S. We have also secured a presence in the Midwest, especially in Chicago's office tower market. Finally, operating out of our plant in South Carolina will make us more competitive to increase our market share in the Southern states including Texas, one of North America's most buoyant markets.

Last year we opened a sales office in São Paulo, Brazil to develop business opportunities in South America, starting with Brazil where the non-residential construction industry is booming. São Paulo State accounts for 50% of the Brazilian market, while São Paulo City itself, referred to as Latin America's "Big Apple", offers great potential for the construction of high-rise buildings. From our sales office in Wuhan, China, we are also looking at the opportunities that could arise in that market, especially in view of the 2008 Olympic Games.

Throughout our development efforts, we will remain focused
on know-how, efficiency, and the creation of value for our clients, shareholders and employees, in order to achieve sustainable and profitable growth over the short and long term.

In conclusion, we would like to thank and congratulate ADF's personnel, whose commitment, ingeniousness and outstanding achievements year after year further consolidate ADF's reputation as a leader in its industry. We also take the opportunity to once again welcome Owen Steel's 317 employees to our team. We express our gratitude to our clients and suppliers for sharing our partnership vision, as well as to our Board members and the Company's shareholders for their support and trust. Finally, at the end of this year which marked ADF's 45th anniversary, we wish to thank its prime architect: ADF's founder, our father Giacomo Paschini, whose values and sense of excellence are still driving ADF's success.

Jean Paschini
Chairman of the Board
and Chief Executive Officer

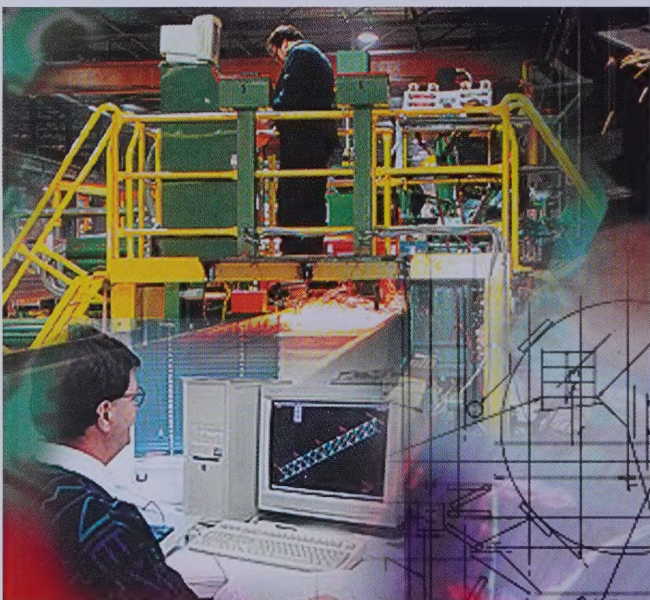
Pierre Paschini, P.E.
President
and Chief Operating Officer

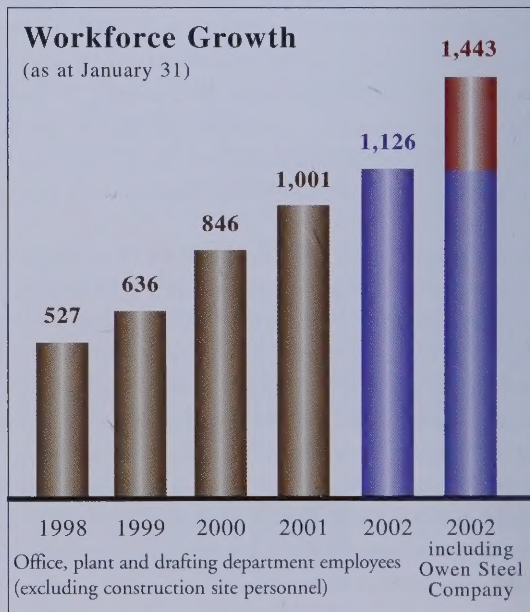
Marise Paschini
Executive Vice-President, Treasurer
and Corporate Secretary

April 2002

Social Report

ADF is a large, dynamic company of more than 1,440 people. Yet, it has always remained true to its entrepreneurial values and its commitment to maintain a human-scale organization. As it grows in size, ADF places the utmost importance on promoting the management practices, work atmosphere and corporate culture that encourages all individuals to participate, as a team, to client satisfaction, corporate success and the well-being of their colleagues and families.





Through its human resources management practices and policies, ADF is committed to promote a work environment where all individuals are treated with respect, dignity and equity. The Company advocates a positive, objective, responsible and respectful attitude in its personnel.

These values and behaviours are just as important as the qualifications of the candidates in the Company's hiring process. ADF seeks out individuals who show dedication to their work, team spirit and a will to learn. We notably encourage the hiring of young people, and support their development through training, mentoring and constant exchanges within the organization. New employees benefit from an integration and supervisory process upon their arrival at ADF. Over the past four years, ADF has thus recruited and integrated 600 new employees, not to mention those of Owen Steel who have just joined its ranks.

A Mission Worthy of Our Skills

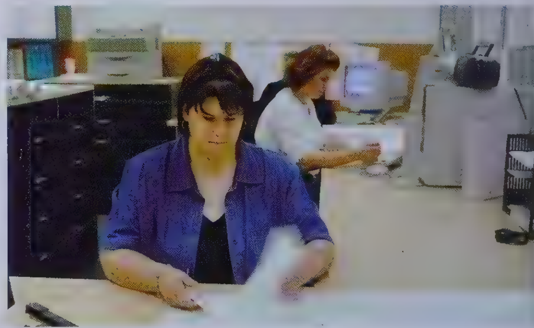
ADF's mission is to build
an international leadership as a provider of
total solutions in the design, engineering, fabrication
and installation of complex steel structures
for megaprojects with high-technology requirements
and fast-track schedules.

To carry out its mission, ADF is committed to stand apart through its **innovative** engineering, the **quality** of its achievements, its personnel's **know-how**, its **mastery** of advanced technologies and the **total satisfaction** of its clients and shareholders.

ADF fulfills its mission through the integrated management of its unique resources:

- its qualified workforce
- the appropriate use of the latest technologies
- its dynamic national and international development
- its targeted sectoral positioning strategies;
- its excellent business relations with clients, partners and suppliers
- its reputation for quality and accredited work procedures

ADF encourages its personnel to be proactive by questioning established procedures and practices, and to show initiative in evaluating and proposing any change that might help improve them and optimize performance. This approach fits into ADF's fundamental principles of cooperation between individuals and departments, and the resulting sense of belonging and pride of collective accomplishment.



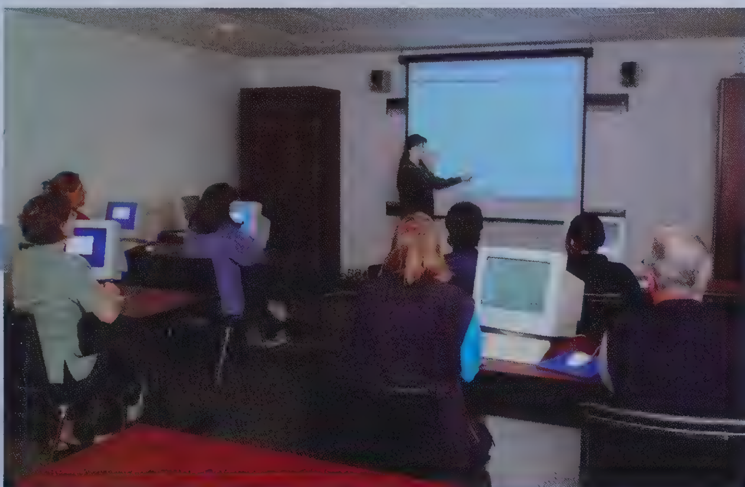
Consequently, the organizational structure, task distribution, leadership and information technologies are shaped and evolve in terms of the following objective: facilitate feedback and communication between individuals, departments and subsidiaries. Thereby, every employee's participation is enriched by the fact that he or she can develop a global understanding of the Company's fundamentals, objectives and challenges. ADF believes this is a key factor behind its capacity to offer the most ingenious solutions in the industry and to efficiently and diligently meet the most demanding challenges.

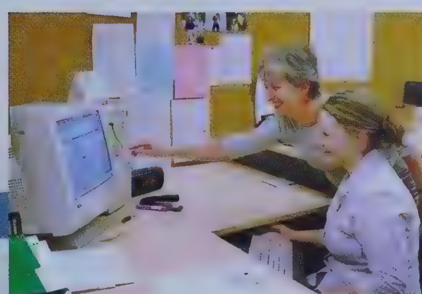
ADF places the health, safety and well-being of its personnel above all. Starting with the commitment and direct involvement of its senior management, the Company makes employee health and safety a constant concern throughout the organization and in every aspect of its business, both in its work premises and on construction sites.

Under the supervision of a committee comprised of Company and employee representatives, ADF applies rigorous health and safety policies and procedures that apply to all managerial levels and the entire staff, as well as every aspect of its business: design, procurement, fabrication, construction, support services, outsourcing, operations, and the maintenance of buildings, machinery, tools and equipment. We provide our staff with the appropriate protective equipment and gear together with information tools and elaborate training programs, so as to instill a constant concern for the individual and collective responsibility to maintain a safe workplace and safe work methods. Over the past three years, these tools, coupled with improved procedures and greater involvement by plant supervisors and personnel, have helped reduce by some 30% annually the frequency and severity of incidents in relation to the number of hours worked.

Aware of the utmost importance of its human resources and future succession, ADF invests considerably in the training and professional development of its personnel.

In the last three years, ADF has allocated some $875,000 to the qualifying and personal training of the employees assigned to every aspect of its operations. In 2001-2002 more specifically, we increased our investments in training by over 50%, partly to prepare our personnel for the upgrading of our technological platform. We are currently structuring our evaluation and training programs as part of a global succession plan.





ADF acts as a responsible corporate citizen concerned with the environment and the community's well-being

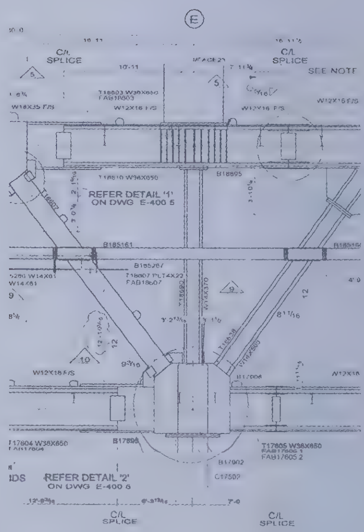
Every year, backed by its managers and staff, ADF participates financially or through sponsorships in numerous causes associated primarily with health and youth, such as the ADF/Louis-Da Silva Foundation, which is dedicated to fund-raising for the fight against cancer, and the Research Fund of the Montreal Heart Institute, to name a few.

In 2001, to commemorate the Company's 45th anniversary, Giacomo Paschini, ADF's founder, published its memoirs. All proceeds from the sale went to the Club des petits déjeuners du Québec, a non-profit organization whose mission is to help children attending school in underprivileged districts receive balanced meals so that every child has an equal chance of success. A total of $21,000 has been raised so far.

ADF's Way

ADF's way is above all a matter of ingeniousness and discipline, but also of concerted effort and cooperation between the various resources assigned to each aspect and each phase of a project.

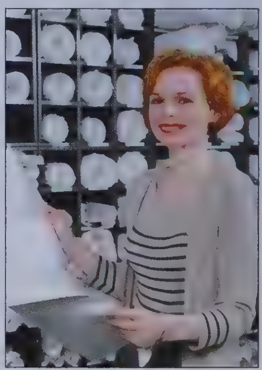
New trends have emerged in the industry since the 1990s. Despite the fact that structures and architecture are evermore complex, schedules are getting tighter to cut costs and increase return on investment. As a result, contractual documents are generally not finalized when contracts are awarded. In addition, the initial engineering plans do not always account for the difficulties that might arise when assembling the structures on-site.



ADF has positioned itself to transform these challenges into opportunities.

From the outset, besides a high-calibre engineering and project management team, ADF has successfully integrated a vast range of expertise and know-how, including in the installation of steel structures, which gives us a global and proactive approach to projects. The convergence of these skills from the very first phase of a project, and throughout its execution within a rigorous quality assurance program, is reflected in the accurate, efficient, and rapid execution of our mandates.

As Carolyn Hanson, M. Eng., Vice-President, Engineering, explains: *"The success of a project hinges on the first two to three weeks. Even before the materials are purchased, our engineering team scrutinizes every aspect of the design to identify and correct deficiencies and unnecessary, potentially problematic complexities associated with each phase of the execution.*

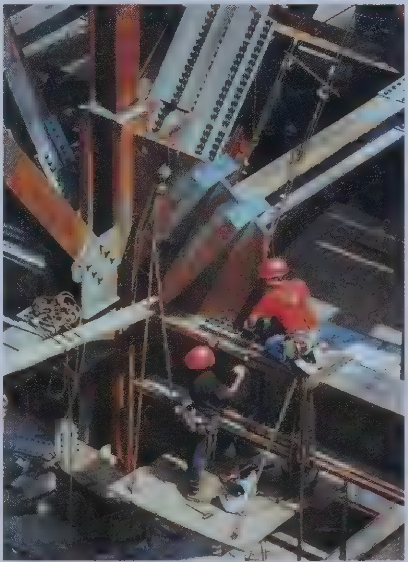


Everything is analyzed in detail. How will the parts be fabricated? How will the structures be assembled, and in what order? How will they be transported on-site? How will the connections be made on-site? At this critical planning stage, which requires concerted effort by all those involved in the mandate, every decision is made with a view to optimizing material use and the subsequent fabrication and installation processes, with the ultimate goal of maxi-mizing the project's profitability for the benefit of both ADF and its client."

ADF then proposes to the client and its engineers alternatives that will reduce costs and the risk of error. With the OSD solution in particular, we team up with the contractor to develop an optimal engineering approach when the project design is still at the preliminary stage.

Fabrication is another critical phase. While the engineering department is putting the final touches on the drawings, those responsible for the fabrication study each part, create templates, plan the use of floor space, organize work teams, production start-up, scheduling and quality control mechanisms. That results in a fluid, accurate and efficient fabrication process.

In fact, ADF has always in the past delivered structures on time, and has often even set new industry standards for the rapidity of its service. In 2000 for instance, when we built our first skyscraper in New York City — the 383 Madison Avenue — the structures were delivered on-site in record time. Our productivity has steadily increased over the years: whereas we took 22 man-hours to process a ton of steel in 1997, today we take less than 10.



ADF's unique approach is the spearhead of its growth strategy and the primary source of its leadership, profitability and growing reputation in the most ambitious and challenging projects.

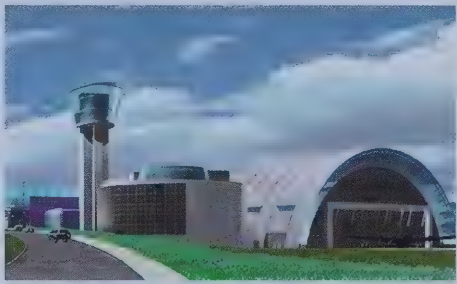
Columbus Center (New York)

This Cdn$109 million contract, ADF's largest so far, will be completed in May 2002. ADF was responsible for the design, engineering, fabrication and installation of the structural steel for the entire complex, as well as 25 of the 55 storeys of this building's two office towers in the heart of New York City. This highly complex project, carried out on a fast-track schedule, was one of the most prominent in North America last year.

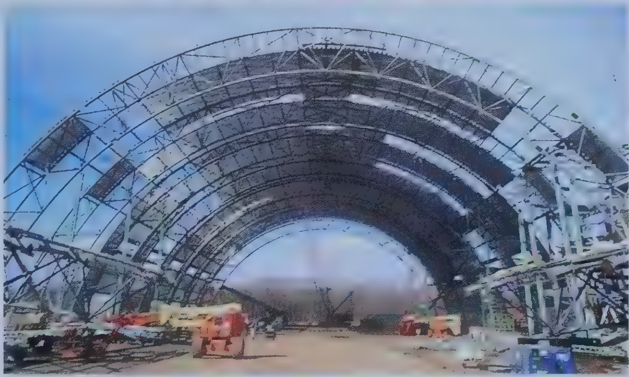
To ensure its success, besides dealing with frequent changes of orientation, ADF had to make numerous changes to the initial plans. As an example, to support the structure of a concert hall, the initial specifications provided for load transfer columns consisting of four huge columns assembled together. Seeing from the outset that no crane could lift such a structure, we used the OSD solution to propose an alternative that reduced the columns' weight by close to 50% for an equivalent load transfer, saving the client a considerable amount of money.

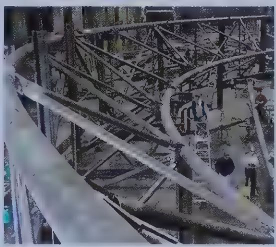
Smithsonian's National Air & Space Museum (Virginia)

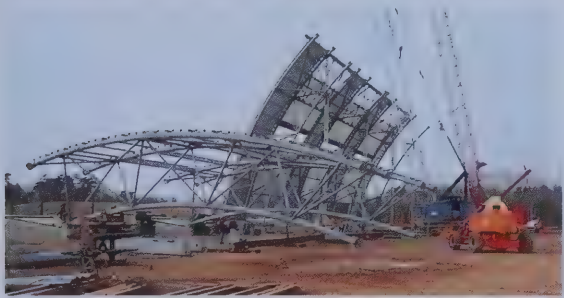
In May 2001, ADF was awarded a Cdn$44.5 million order for the engineering, fabrication and installation of the structural steel and architectural metal work, along with the metal surface treatment work, of the Smithsonian Institute's National Air & Space Museum at Washington Dulles International Airport, Virginia.



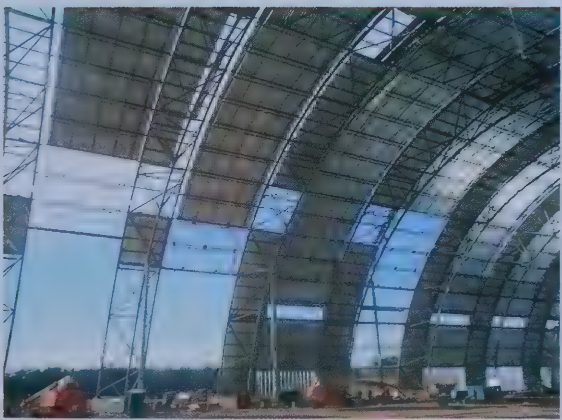
This prestigious project will be completed in July 2002, in view of the Museum's grand opening in December 2003, and in time for the 100th anniversary of the Wright Brothers' historic flight. This mandate is one of ADF's most ambitious so far. Comparable in length to two-and-a-half football fields, the 10-storey main hangar will be free of columns, so its roof will be supported by seventeen 20-foot-high tridimensional trusses, curved to form arches. That entails great complexity, especially with regard to the connections which must reflect this intricate geometry.





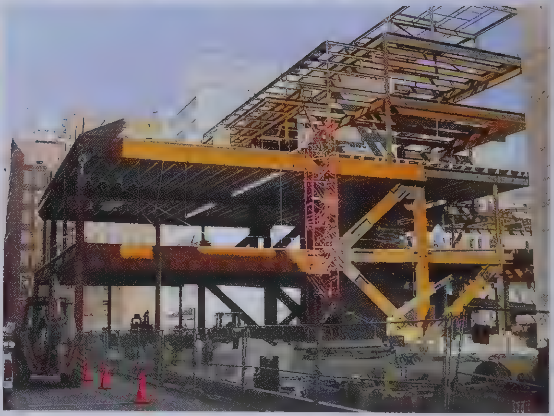


Their fabrication must therefore be extremely accurate so that everything fits to perfection during installation. What's more, the architecturally exposed structural steel will be entirely visible from the inside and, so to speak, an integral part of the display. As a result, impeccable finishing is required from an esthetic standpoint, right down to the smallest weld. ADF used the OSD solution to make several changes to the design, including the connections which will be bolted rather than welded as initially planned. The fabrication was completed in April 2002, and site work is under way. This masterpiece, which will be seen by some four million visitors a year, will provide ADF with great exposure and will definitely attract the attention of hundreds of architects, engineers, contractors and project owners.



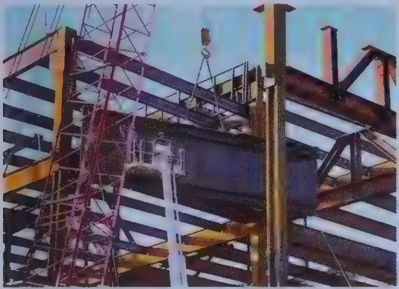
David Lawrence Convention Center (Pittsburgh)

In progress since March 2001, this Cdn$71 million project is one of our most challenging ever with regard to the construction engineering, owing to its unusual structural and architectural characteristics. Among others, it comprises 15 identical, highly geometrically complex support trusses weighing 165 tons each. Given this repetitive feature, we had to ensure that the design and execution of the first truss was perfect. We succeeded by greatly simplifying the concept, especially the connections. After 12 months of fabrication, this project is currently at the installation stage and the final components will be completed in August 2002.



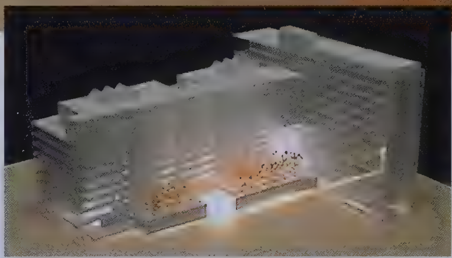
Lester B. Pearson International Airport (Toronto)

During the last fiscal year, we successfully completed our second mandate, worth $34.7 million, at Toronto's Lester B. Pearson International Airport. ADF supplied and installed the steel structures for the new air terminal, as part of an extensive infrastructure modernization program. Working closely with the project engineer and the architect, we revised some of the engineering to optimize execution, while meeting the client's very strict requirements and specifications, especially with regard to security and safety. ADF was recently awarded an additional $4.6 million contract for the indoor ticketing areas. The fabrication got under way in February 2002, and the installation should be completed in August 2002.



Caisse de dépôt et de placement du Québec (Montreal)

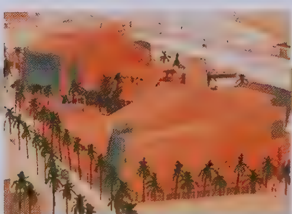
In the last fiscal year, ADF was awarded the engineering, fabrication and installation work on a 13-storey building owned by the Caisse de dépôt et placement du Québec in downtown Montreal. The last components of this $14.2 million project are currently being finalized.

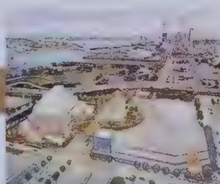


731 Lexington Place (New York)

In January 2002, Bovis Lend Lease awarded ADF a Cdn$93.5 million contract for the design, engineering, fabrication and installation of the steel structures of this 54-storey building in Midtown Manhattan. Not only is it one of the five largest projects currently under way in New York, but it will also represent one of the fastest on site start-up and installation in the city's history: barely a year between the signing of the contract and the final installation of the structures. The fabrication started in March 2002, for delivery next July, and the structure will be erected in less than nine months to be completed in April 2003.

Besides its extremely aggressive schedule, this contract presents considerable architectural challenges and special engineering requirements on connections and transfer loads, as well as particularly complex geometric features, especially with regard to the atrium where the structural steel will be exposed. To meet the deadline and cut costs, we suggested a number of alternatives to the specifications, such as improving the design of the column framework, which considerably accelerated production start-up.

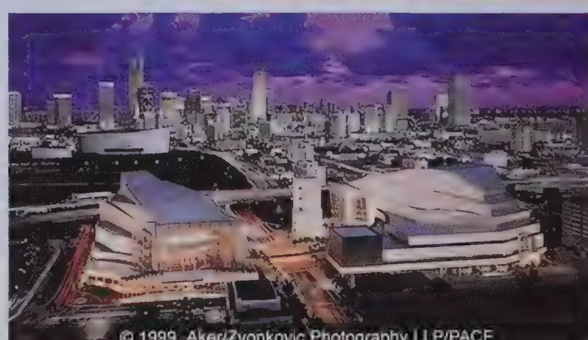




Performing Arts Center of Greater Miami

This Cdn$60.7 million contract, awarded in July 2001, consists in the engineering, fabrication and installation of the structural steel along with the miscellaneous and ornamental metal work of this prestigious building, which will be one of the major cultural and artistic centers in the United States and the sixth largest in the world. This mandate is highly challenging, due notably to the particularly complex geometry of the buildings which feature ambitious peripheral shapes and architectural curves. In addition, part of the structural steel will be exposed.

Once again, ADF was selected by the general contractor, for whom we had already carried out mandates in the past, for its efficient engineering solutions and its skillful execution of highly complex projects. We used our OSD solution at the bidding stage to show the client that we could save considerable amounts on the execution and materials by means of ingenious and cost-effective alternatives. The fabrication is now under way, while the site work will start in July 2002, to be completed in August 2003.



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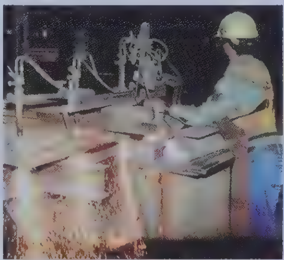
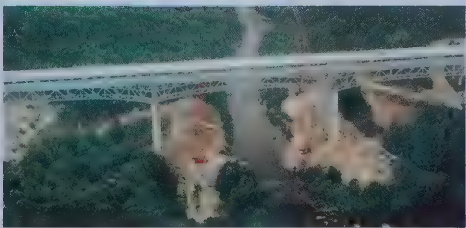
Owen Steel Company

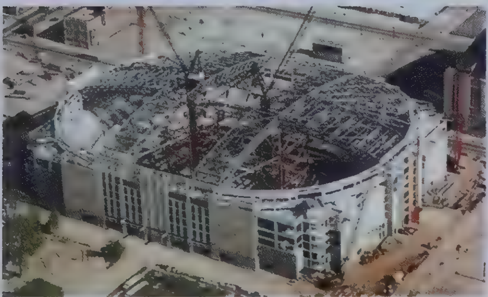
With the acquisition of Owen Steel Company, ADF has gained additional leverage to extend its leadership in North America, adding to its strengths a dynamic team of 317 skilled employees, solid expertise in its most strategic markets and a 66-year tradition of excellence in megaprojects.

Based in Columbia, South Carolina, Owen Steel has specialized since 1936 in the engineering and fabrication of heavy built-up structural steel. It operates a modern 450,000-square-foot plant with an annual fabrication capacity of 25,000 tons. The company focuses primarily on the U.S. market, particularly Chicago and New York City, where it has been active for over 20 years. Like ADF, Owen Steel's success is rooted in the expertise and the know-how of a skilled and dedicated personnel, focused on results, quality, team work and cooperation.



This new ADF subsidiary will continue to operate as Owen Steel Company, a name recognized in the industry for the high quality of its achievements. In its 66 years of existence, Owen Steel has built a large number of skyscrapers and prestigious sports complexes and public infrastructures, including several bridges.





ADF Today:

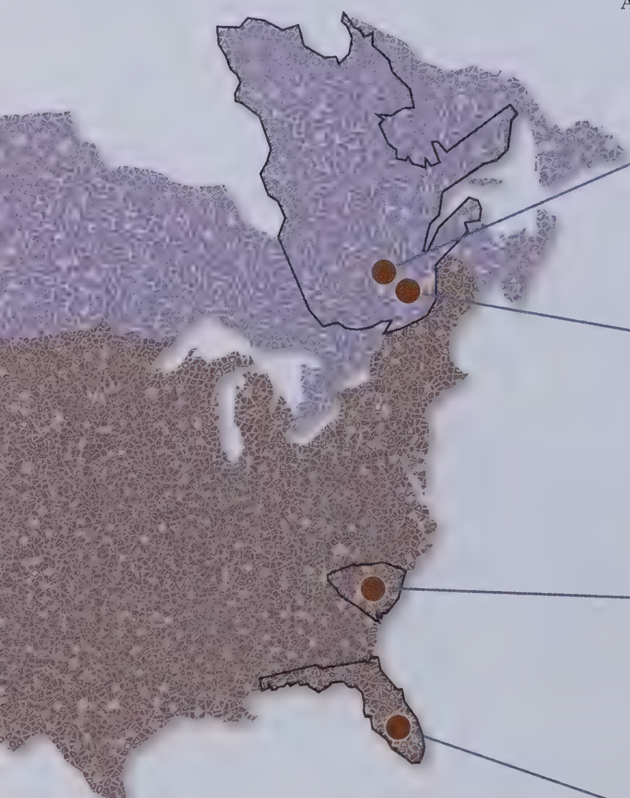
An Extended Presence in Eastern North America, and a Window on the World

4 modern fabrication plants, capable of generating over **$700 million** in annual sales

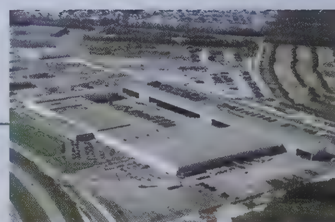
Impressive structural steel fabrication **capacity**

7 sales offices strategically located in Montreal, Toronto, New York, Atlanta, Miami, as well as in Brazil and Southern China

1,443 committed and skilled employees



ADF Group Inc. Head Office, and **Au Dragon Forgé Inc.** fabrication plant, Quebec, Canada



ADF Heavy Industries Inc. fabrication plant, Quebec, Canada

OWEN Steel Company Inc. fabrication plant, South Carolina, USA

ADF International Inc. fabrication plant, Florida, USA

Exceptional Capacity and Expertise to Address the Most Prestigious Projects and Pursue Its Expansion

Management's Discussion and Analysis of Operating Results and Financial Position

Operating Results

During the fiscal year ended January 31, 2002, ADF Group achieved sales of $510.2 million, up 52.6% over fiscal 2001. Revenues in the United States rose 55.8% to $406.2 million, accounting for approximately 80% of total sales, while sales in Canada grew by 41.3%. The design, engineering, fabrication and installation of steel structures generated 98% of our business in the last fiscal year.

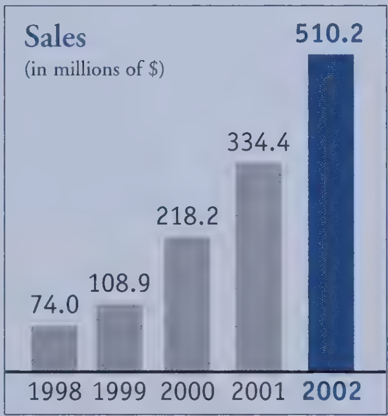
Our gross profit rose 11.4% to $67.3 million (representing a 13.2% profit margin as a percentage of sales), compared to $60.4 million (18.1% profit margin) a year earlier. ADF recorded earnings before depreciation, amortization, interest, gain on disposal of a subsidiary, income taxes and non-controlling interest ("EBITDA") of $48.7 million, up 6.6% over $45.7 million in the previous fiscal year. The EBITDA margin therefore stood at 9.6%, versus 13.7% a year earlier. The decrease in gross and EBITDA margins is attributable to the following factors:

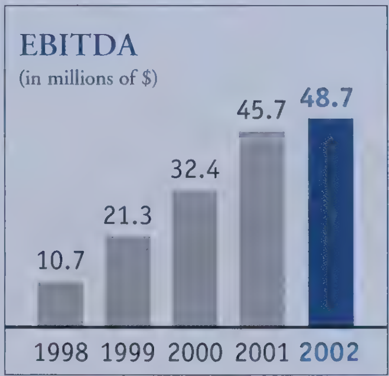
- In the fourth quarter, we decided not to recognize the profit related to major changes that had to be made to the Lions Stadium in Detroit. Such changes occur frequently in large-scale projects like this one and must be made immediately, most often without prior negotiations, in order to meet the contract's very tight deadline. Since the negotiation process for project amendments differs from that of initial contracts, we have to deal with an additional risk as to the amounts and schedule for collecting the revenues related to the extra work. In the case of the Detroit project, besides a greater number of changes than usual, the client decided to have recourse to the mediation and arbitration process provided for in the contract. Therefore, consistent with its conservative approach and to avoid affecting its future performance, ADF decided not to recognize any profit on these changes for the time being.

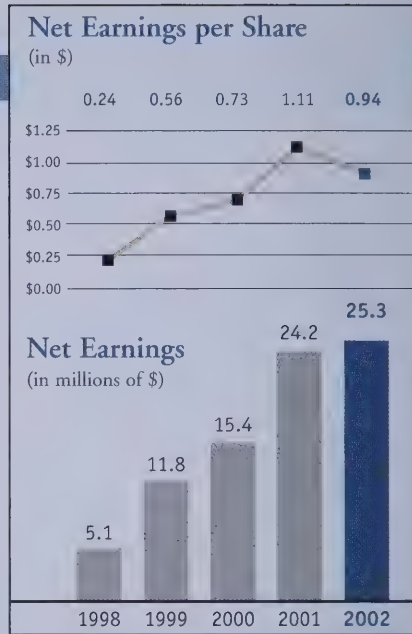
- Also in the fourth quarter, following a senior management decision and considering the current economic uncertainty, we provisioned a pre-tax amount of $11.3 million associated with modifications made to various projects, especially the one in Detroit.

- The September 11 events interrupted work on three of our projects in New York City for more than two weeks, while we continued to assume workers' salaries and equipment rental costs. This had a negative impact of about $2 million on our EBITDA.

- Finally, the economic slowdown and the September 11 events affected market conditions, which exerted pressure on profit margins for the industry as a whole.







However, several positive factors contributed to ADF's operating profitability in the last fiscal year, including the productivity gains generated by the previous year's investments at the Terrebonne plant, a significant improvement in our Lachine facilities'productivity and operating results, the rationalization of our services subsidiaries, and improvements made to our organizational structure. Combined with tight cost control, these last items contributed to lower selling and administrative expenses as a percentage of sales from 4.4% in 2001 to 3.6% in 2002.

Depreciation and amortization of capital assets increased by $1.5 million or 35.0% as a result of the previous year's investments at Terrebonne. Financial expenses grew by $2.3 million or 39.4%, due primarily to the increase in interests on long-term debt resulting from the December 2000 issue of a $15 million debenture and the new $12.5 million long-term loan contracted in the last fiscal year. The increase in other interest was fairly modest, at 7.5%, owing to lower interest rates.

Consequently, ADF posted earnings of $34.6 million before gain on disposal of a subsidiary, income taxes and non-controlling interest, compared with $35.4 million a year earlier. We realized a $1.8 million gain on the disposal of our interest in the Tecnogaz Quebec Inc., bringing our earnings before income taxes and non-controlling interest to $36.4 million, versus $35.4 million in 2001. Our tax rate decreased from 34.2% to 30.3%, partly due to tax benefits associated with the loss carry forward of U.S. subsidiaries.

After deducting the non-controlling interest in earnings of subsidiaries, ADF ended the fiscal year with net earnings of $25.3 million, up 4.4% over the $24.2 million net earnings recorded in 2001. The Company thereby delivered a 15.0% return on shareholders' average equity.

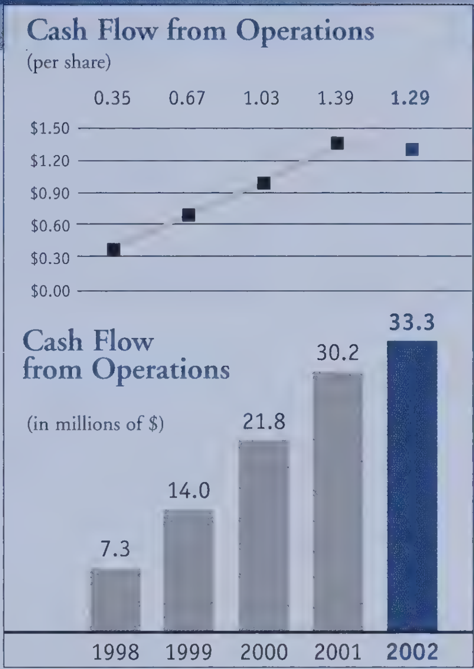
Following the issuance of 4.7 million subordinate voting shares to SGF Mineral Inc. in the first quarter of fiscal 2002, the weighted average number of shares outstanding amounted to 25,872,000 in the last fiscal year (27,138,000 on a fully diluted basis), compared to 21,669,000 (21,827,000 fully diluted) the previous year. Accordingly, earnings per share amounted to $0.94 ($0.93 fully diluted) in 2002, as opposed to $1.11 ($1.11 fully diluted) in 2001. The dilution of earnings per share is based on the assumption that the convertible debentures issued on December 28, 2000, would have been converted on that date, and that certain warrants would have been exercised.

Quarterly Data

(in thousands of $, except for share amounts; unaudited)

Fiscal year ended January 31, 2002	**1st Quarter**	**2nd Quarter**	**3rd Quarter**	**4th Quarter**
Sales	$112,605	$137,609	$138,521	$121,444
Net income	$8,030	$8,952	$8,032	$260
• per share	$0.35	$0.33	$0.29	$0.00
• per share, fully diluted	$0.32	$0.31	$0.29	$0.00

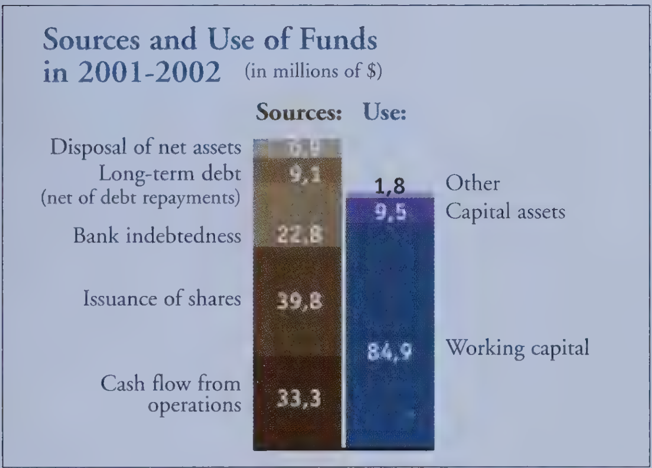
Fiscal year ended January 31, 2001	**1st Quarter**	**2nd Quarter**	**3rd Quarter**	**4th Quarter**
Sales	$62,454	$80,449	$78,266	$113,216
Net income	$4,773	$6,120	$5,811	$7,511
• per share	$0.22	$0.28	$0.27	$0.34
• per share, fully diluted	$0.22	$0.28	$0.27	$0.34



Principal Cash Flows

During the last fiscal year, cash flow from operations (before changes in non-cash working capital items) grew by 10.3% to $33.3 million or $1.29 per share, up from $30.2 million or $1.39 per share in the previous year. Non-cash working capital items used cash resources of $84.9 million, due mainly to the increase in contracts in progress, which include revenues not yet or partially recognized on the changes made to the Detroit project and various other contracts. Consequently, operating activities used net cash resources of $51.6 million, compared with $50.6 million the previous year.

Investing activities used cash resources of $4.3 million, net of proceeds totalling $6.9 million on the disposal of the net assets of some subsidiaries. We invested $9.5 million in the acquisition of capital assets, mainly related to the purchase of work site equipment, information techno-logy upgrading and the normal maintenance of plant machinery. In addition, other assets increased by $1.8 million, including a $0.8 million deposit on the purchase price for Owen Steel Company, concluded subsequent to fiscal year-end.

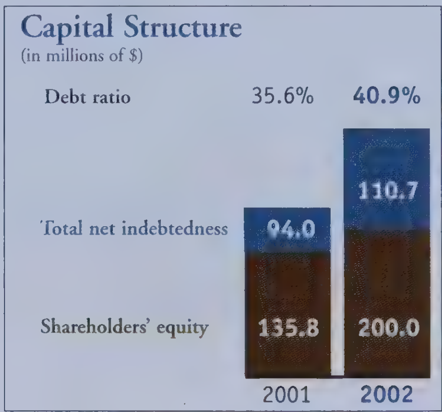


Financing activities provided cash resources of $71.7 million. On April 11, 2001, ADF collected net proceeds of $39.8 million upon the issuance to SGF Mineral Inc. (a subsidiary of Société générale de financement du Québec) of 4,700,000 subordinate voting shares at a price of $8.11 per share, as well as 500,000 stock purchase options at a unit price of $3.76. We also contracted a new long-term loan of $12.5 million and repaid $3.5 million in long-term debt, for a $9.1 million net increase in long-term debt. Finally, we had recourse to $22.8 million in bank indebtedness to finance a portion of our working capital requirements.

The year's various cash inflows and outlays provided net cash resources of $15.8 million, increasing the Company's treasury from $10.7 million as at January 31, 2001, to $26.5 million as at January 31, 2002.

Financial Position

On January 31, 2002, ADF's working capital amounted to $184.9 million for a current ratio of 2.4:1, compared with $114.1 million for a 2.0:1 ratio a year earlier. This growth can be attributed mainly to the increase in work in progress, as discussed previously. Total assets rose 31.4% to $392.5 million at the close of the last fiscal year.



Net earnings for the year combined with the share issuance raised shareholders' equity from $135.8 million to $200.0 million, an increase of 47.3%. The book value per share therefore rose from $6.16 to $7.48. As at January 31, 2002, long-term debt, including the current portion, amounted to $61.7 million, representing a long-term debt/equity ratio of 30.9%, compared with $52.0 million for a 38.3% debt/equity ratio a year earlier. Adding bank indebtedness net of available cash, total net indebtedness went from $94.0 million as at January 31, 2001, or 40.9% of total invested capital, to $110.7 million or 35.6% of total invested capital as at January 31, 2002.

Events Subsequent to the End of Fiscal 2002

On March 27, 2002, ADF purchased the principal operational assets of SMI-Owen Steel Company, based in South Carolina, a subsidiary of Commercial Metal Company headquartered in Dallas, Texas. The price of the transaction totalled Cdn$31.5 million (US$19.7 million), including the $0.8 million deposit paid before the close of the last fiscal year. Besides working capital and fixed assets, this price includes Cdn$8.3 million (US$5.2 million) worth of inventories and work in progress. The acquisition is currently being financed by a 120-day temporary loan, and negotiations are already well under way to convert that loan into long-term. This entity is now a wholly-owned subsidiary of ADF.

In March 2002, at the beginning of the new fiscal year, we completed our financing arrangement with a bank syndicate formed of Bank of Montreal acting as agent, along with Royal Bank of Canada and Toronto Dominion Bank, consisting of a credit facility of $110 million, available for a three-year period. This flexible financial instrument, which may be drawn in Canadian or US dollars at the Company's option, will facilitate our cash management and the pursuit of our North American expansion.

Risk Factors

Activities

ADF's activities are subject to certain dangers and to the risk of incurring liabilities, which all businesses involved in the construction industry must face. The Company generates nearly all its sales in the North American non-residential construction industry. The demand for the products designed, engineered, fabricated, and erected by the Company is influenced by the general economic conditions and business environment in North America, including new construction starts and the level of activity in institutional, industrial, commercial and public work projects. A substantial portion of the Company's backlog consists of projects that are performed on a fixed-price basis. Despite these estimates, actual costs and gross profit realized on a fixed-price contract could vary from the estimated amounts because of unforeseen circumstances or changes in job conditions. Consequently, revenue estimates are based on Management's assumptions supported by historical experience. There can be no assurance that these estimates will not vary from the actual results.

Interest Rates

After the end of the fiscal year ended January 31, 2002, the Company increased to 83% its long term debt portion bearing a fix interest rate.

Foreign Currency

Based on the nature of its business acitivites, ADF Group is subject to some risk associated with currency and interest rate fluctuations. Sales denominated in US currency represented approximately 80% of the Company's revenues for the fiscal year ended January 31, 2002 and 78% for the fiscal year ended January 31, 2001. The Company's foreign sales are predominantly concluded in US dollars, while a significant portion of the Company's operating expenses and capital expenditures is denominated in Canadian dollars. As a result, the Company is exposed to fluctuations in the exchange rates between the Canadian dollar and the currency in which a particular sale is transacted. The Company has not yet sought to hedge the risks associated with fluctuations in foreign exchange rates, since it has the flexibility to convert its short-term credit facility. An increase in the value of the Canadian dollar relative to US dollar would adversely affect the Company's consolidated earnings, whereas any decrease in the Canadian dollar relative to the US dollar would have a positive effect on earnings.

Accounting policies

Future accounting changes

The Canadian Institute of Chartered Accountants ("CICA") recently issued revised Handbook Section 1650, "Foreign Currency Translation". Effective January 1, 2002, all unrealized foreign currency gains and losses will be included in earnings for the year. Previously, foreign currency gains and losses on long-term monetary items were deferred and amortized over the life of the related items. These changes will be applied retroactively with restatement of prior periods. ADF's management does not expect the adoption of this new standard to have an impact on its financial statements.

The CICA issued new Handbook Section 3870, "Stock-based compensation and other stock-based payments". This Section establishes standards for the recognition, measurement and disclosure of stock-based compensation and other stock-based payments made in exchange for goods and services and applies to transactions, including non-reciprocal transactions, in which an enterprise grants shares of common stock, stock options, or other equity instruments, or incurs liabilities based on the price of common stock or other equity instruments. This Section sets out a fair value based method of accounting and is required for certain stock-based transactions, effective for fiscal years beginning on or after January 1, 2002.

Outlook, Requirements and Sources of Funds for Fiscal 2002-2003

We are aiming for a 20% sales growth this year, which will come primarily from our recent acquisition. However, we foresee a slowdown in internal growth during the first half of the year, due to the few-month delays brought about by the tragic September 11 events in the start-up of large-scale projects across the United States. Calls for tender are beginning to return to normal, which should position ADF for several large contracts that will contribute to renewed internal growth as of the third quarter. As at January 31, 2002, our backlog of firm orders, excluding Owen Steel's, amounted to approximately $385 million.

We also foresee solid growth in net earnings, even without accounting for the probable recovery of a portion of the provisions made last year. On one hand, we expect Owen Steel to start contributing to the Group's profitability as of the third quarter, on the other hand, we will benefit from the entire year from the productivity and efficiency gains achieved over the past year, including the now completed rationalization of our related services infrastructure. Finally, we will maintain a rigorous control of our operating costs.

We will also remain cautious in the management and accounting of changes or additions that might occur in the execution of our mandates. We have notably set up a team to ensure the daily monitoring and negotiation of the changes made to projects. This initiative will help improve the billing and recovery process and strengthen our cash position.

We intend to invest approximately $8 million in new capital assets throughout the Group, primarily to finish implementing our new information technologies and to ensure the smooth running of operations in the normal course of business. We will repay close to $9 million in long-term debt. Cash flow from operations, combined with the Company's available cash, should be sufficient to cover these funding requirements and to support ongoing activities. Furthermore, as at January 31, 2002, ADF had credit facilities of approximately $15 million. ADF does not plan to pay any dividends in the near future, preferring to invest its cash flow from operations in the expansion of its business.

Gilbert B. Monette
Vice-President, Finance

Marise Paschini
Executive Vice-President, Treasurer
and Corporate Secretary

April 2002

ADF Group Inc.

MANAGEMENT'S REPORT

The consolidated financial statements contained in this annual report have been prepared by management in accordance with accounting principles generally accepted in Canada and the integrity and objectivity of the data in these financial statements are management's responsibility. Management is also responsible for all other information in the annual report and for ensuring that this information is consistent with the information and data contained in the financial statements. In support of its responsibility, management maintains a system of internal control to provide reasonable assurance as to the reliability of financial information and the safeguarding of assets. The Board of Directors is responsible for ensuring that management fulfilled its responsibilities for financial reporting and internal control.

The external auditors, Samson Bélair / Deloitte & Touche conduct an independent examination in accordance with auditing standards generally accepted in Canada, and express their opinion on the financial statements. Their examination includes a review and evaluation of the Company's system of internal control and appropriate tests and procedures to provide reasonable assurance that the financial statements are presented fairly.

Jean Paschini
Chairman of the Board and Chief Executive Officer
Terrebonne
April 23, 2002

Gilbert B. Monette, c.a.
Vice-President, Finance

AUDITORS' REPORT

To the Shareholders of
ADF Group Inc.

We have audited the consolidated balance sheets of ADF Group Inc. as at January 31, 2002 and 2001 and the consolidated statements of income, retained earnings and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at January 31, 2002 and 2001 and the results of its operations and its cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.

Samson Bélair Deloitte & Touche.

Chartered Accountants
April 23, 2002

CONSOLIDATED STATEMENTS OF INCOME

(in thousands of dollars except per share amounts)

years ended January 31, 2002 and 2001	2002	2001
	$	$
Sales	510,179	334,385
Cost of goods sold	442,925	273,997
Gross profit	67,254	60,388
Selling and administrative expenses	18,506	14,665
Income before the undernoted expenses	48,748	45,723
Amortization of capital assets	5,938	4,399
Income before interest, gain on disposal, income taxes and non-controlling interest	42,810	41,324
Interest, net		
Interest on long-term debt	4,081	2,053
Other interest	4,109	3,824
	8,190	5,877
Income before income taxes, gain on disposal and non-controlling interest	34,620	35,447
Gain on disposal of a subsidiary (Note 3b)	1,758	—
Income taxes (Note 13)		
Current	10,198	10,218
Future	835	1,921
	11,033	12,139
Income before non-controlling interest	25,345	23,308
Share of (income) loss of non-controlling interest	(71)	907
Net income	25,274	24,215
Income per share (Note 15)	0.94	1.11
Diluted income per share (Note 15)	0.93	1.11

CONSOLIDATED STATEMENTS OF RETAINED EARNINGS

(in thousands of dollars)

years ended January 31, 2002 and 2001	2002	2001
	$	$
Retained earnings, beginning of year	43,504	19,419
Net income	25,274	24,215
Share and warrant issue costs net of income taxes of $68 (2001 - $9)	(115)	(13)
Convertible debentures issue costs, net of income taxes of $4 (2001 - $19)	(6)	(31)
Interest on convertible debentures, net of income taxes of $572 (2001 - $53) (Note 10)	(928)	(86)
Retained earnings, end of year	67,729	43,504

CONSOLIDATED BALANCE SHEETS

(in thousands of dollars)

as at January 31, 2002 and 2001	2002	2001
	$	$
Assets		
Current assets		
Cash	26,520	10,689
Accounts receivable (Note 4)	147,035	122,664
Contracts in progress	134,196	74,193
Inventories	13,112	19,718
Prepaid expenses	855	938
	321,718	228,202
Future income taxes	1,180	465
Capital assets (Note 5)	61,086	62,225
Other assets (Note 6)	8,542	7,907
	392,526	298,799
Liabilities		
Current liabilities		
Bank indebtedness (Note 7)	75,553	52,729
Accounts payable and accrued charges	42,342	37,378
Billings in excess of costs and recognized income on uncompleted contracts	3,465	10,053
Income taxes payable	136	2,942
Future income taxes	6,669	5,151
Current portion of long-term debt (Note 8)	8,665	5,867
	136,830	114,120
Long-term debt (Note 8)	53,006	46,083
Non-controlling interest	2,650	2,781
	192,486	162,984
Contingencies (Note 12)		
Shareholders' equity		
Share capital (Note 9)	117,311	77,311
Convertible debentures (Note 10)	15,000	15,000
Retained earnings	67,729	43,504
	200,040	135,815
	392,526	298,799

Approved by the Board

Jean Paschini
Director

Marise Paschini
Director

CONSOLIDATED STATEMENTS OF CASH FLOWS

(in thousands of dollars)

years ended January 31, 2002 and 2001	2002	2001
	$	$
Operating activities		
Net income	25,274	24,215
Adjustments for:		
Amortization of capital assets	5,938	4,399
Amortization of other assets	1,087	503
Gain on disposal of subsidiary	(1,758)	—
Gain on disposal of investment	—	(236)
Gain on disposal of capital assets	(229)	(202)
Future income taxes	835	1,921
Capitalized interest on long-term debt	2,071	495
Non-controlling interest	71	(907)
	33,289	30,188
Changes in non-cash operating working capital items		
Accounts receivable	(25,106)	(60,128)
Contracts in progress	(60,003)	(29,656)
Inventories	6,343	(11,310)
Prepaid expenses	51	(707)
Accounts payable and accrued charges	2,608	15,636
Billings in excess of costs and recognized income on uncompleted contracts	(6,588)	3,330
Income taxes payable	(2,161)	1,846
Other	—	208
	(84,856)	(80,781)
	(51,567)	(50,593)
Investing activities		
Acquisition of capital assets	(9,464)	(24,192)
Proceeds from sale of investment (Note 3)	2,310	546
Proceeds from disposal of capital assets	4,589	210
(Increase) decrease in other assets	(1,759)	1,971
	(4 324)	(21,465)
Financing activities		
Increase in bank indebtedness	22,824	29,138
Issuance of shares and warrants	39,817	5,953
Issuance of convertible debentures	—	14,950
Issuance of long-term debt	12,582	44,493
Reimbursement of long-term debt	(3,501)	(13,919)
	71,722	80,615
Net cash inflow	15,831	8,557
Cash and cash equivalents, beginning of year	10,689	2,132
Cash and cash equivalents, end of year	26,520	10,689
Supplemental cash flow information		
Income taxes paid	7,120	8,484
Interest paid	1,102	5,566
Non-cash financing and investing activities		
Assumption of obligation and acquisition of assets under capital lease	127	170
Capitalized interest on convertible debenture	1,500	139

years ended January 31, 2002 and 2001 (all tabular figures are expressed in thousands of dollars)

1. Description of business

The Company is incorporated under the Canada Business Corporations Act. The Company and its subsidiaries and joint ventures design, engineer, manufacture and erect structural steel structures and are involved in the supply of related services and materials.

2. Accounting policies

The Company follows Canadian generally accepted accounting principles. The most significant accounting policies are as follows:

Principles of consolidation

The consolidated financial statements include the accounts of the Company and its subsidiaries. Interest in joint ventures are accounted for using proportionate consolidation. All material intercompany transactions have been eliminated. At January 31, 2002, the Company held the following interests in subsidiaries and joint ventures:

ADF Group USA Inc.	100%	
ADF Hungary Kft	100%	
ADF International Inc.	100%	
Au Dragon Forgé Inc.	100%	
ADF China Inc.	85%	
ADF Steel Corp.	60%	
ADF Steel Corp. (Canada)	60%	
Montage D'acier International Inc.	60%	
ADF Heavy Industries Inc.	51%	
3792480 Canada Inc.	50%	(see note 3a)
Amcan Fasteners Inc.	80%	(see note 3a)
Amcan Threaded Products Inc.	80%	(see note 3a)

The investment in 3792480 Canada Inc. is accounted for using the proportionate consolidation method beginning August 1, 2000.

Revenue and cost recognition

The Company performs its services primarily under fixed-price contracts and recognizes revenue and costs from construction projects using the percentage-of-completion method. Under this method, revenue is recognized based on results achieved using the cost ratio method. Costs include all direct material and labour costs related to contract performance, subcontractor costs, indirect labour costs, and manufacturing plant overhead costs, which are charged to contract costs as incurred. Revenue relating to changes in scope of a contract is recognized when the customer has authorized the change, the work has commenced and the Company has made an estimate of the cost for the change. Revisions of estimates during the course of contract work are reflected in the accounting period in which the facts requiring the revisions become known. An amount equal to contract costs attributable to claims is included in revenue when realization is probable and the amount can be reasonably estimated. Provisions for estimated losses on uncompleted contracts are made in the period a loss becomes determinable.

Construction contracts with customers generally provide that billings are to be made periodically in amounts which are commensurate with the extent of performance under the contracts. Contract receivables arise principally from the balance of amounts due on progress billings on jobs under construction. Holdbacks on contract receivables are amounts due on progress billings which are withheld until the customer has accepted the completed project.

Contracts in progress represent revenue earned under the percentage-of-completion method which has not been billed and also include costs incurred in excess of billings on contracts for which sufficient work has not been performed to allow for the recognition of revenue. Billings in excess of costs and recognized income on uncompleted contracts represent amounts billed on contracts in excess of the revenue allowed to be recognized under the percentage-of-completion method on those contracts.

Inventories

Inventories are valued at lower of cost and net realizable value. Cost is determined using the average cost method.

Capital assets and amortization

Capital assets are recorded at cost. Amortization is recorded at rates which allocate the cost of depreciable assets over their estimated useful lives, as follows:

- Buildings and land improvements, using the straight-line method over a period of 40 years or the declining balance method at rates varying from 5% to 20%;

- Machinery and travelling cranes, using the straight-line method over periods varying from 10 to 25 years;

- Office furniture, rolling stock, computer hardware and software, using the straight-line method over a period of 5 years or the declining balance method at rates varying from 20% to 30%.

Deferred financing fees

Financing fees are deferred and amortized over the life of the related financing agreements. Amortization of these charges is included with selling and administrative expenses.

2. Accounting policies (continued)

Deferred pre-production costs
Certain costs related to the start-up of new facilities and incurred prior to commencement of commercial operations are deferred and amortized over three years using the straight-line method.

Goodwill
Goodwill represents the excess of purchase price over the fair value of net assets of businesses acquired and is being amortized on a straight-line basis over a period of 3 to 5 years.

Income taxes
The Company follows the liability method of accounting for income taxes. Under this method, future income taxes are recognized based on the expected future tax consequences of differences between the carrying amount of balance sheet items and their corresponding tax basis, using the enacted income tax rates for the years in which the differences are expected to reverse.

Translation of foreign currencies
The accounts of the Company and its integrated foreign subsidiaries stated in foreign currencies have been translated into Canadian dollars as follows:

- Monetary assets and liabilities, using the exchange rate prevailing at the balance sheet date;
- Non-monetary assets and liabilities, using the exchange rate prevailing at the date of transaction;
- Revenue and expenses, using average monthly exchange rates during the year, except for amortization, which is translated at the exchange rate prevailing the date the related assets were acquired.

Unrealized exchange gains and losses on assets and liabilities denominated in a foreign currency are included in net income, except for long-term monetary assets and liabilities, which are deferred and amortized under the straight-line method over the remaining life of the related asset or liability.

Measurement uncertainty
The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ from those estimates.

Valuation of contracts in progress requires management to estimate the percentage of completion, cost of completion and anticipated gross margin. Measurement uncertainty exists in relation to the valuation of contracts in progress, related expenses and accounts receivable.

Future accounting changes
The Canadian Institute of Chartered Accountants ("CICA") recently issued revised Handbook Section 1650, Foreign Currency Translation. Effective January 1, 2002, all unrealized foreign currency gains and losses will be included in earnings for the year. Previously, foreign currency gains and losses on long-term monetary items were deferred and amortized over the life of the related items. These changes will be applied retroactively with restatement of prior periods. ADF's management does not expect the adoption of this new standard to have an impact on its financial statements.

The CICA issued new Handbook Section 3870, Stock-based compensation and other stock-based payments. This Section establishes standards for the recognition, measurement and disclosure of stock-based compensation and other stock-based payments made in exchange for goods and services and applies to transactions, including non-reciprocal transactions, in which an enterprise grants shares of common stock, stock options, or other equity instruments, or incurs liabilities based on the price of common stock or other equity instruments. This Section sets out a fair value based method of accounting and is required for certain stock-based transactions, effective for fiscal years beginning on or after January 1, 2002.

3. Divestiture and business acquisitions

a) On July 31, 2000, the Company entered into a transaction whereby it transferred, at carrying value, its 51% ownership interest in Amcan Threaded Products Inc. and Amcan Fasteners Inc. to 3792480 Canada Inc., a newly created wholly owned subsidiary. Concurrently, the non-controlling shareholder of Amcan Threaded Products Inc. and Amcan Fasteners Inc. sold a portion of its interest to 3792480 Canada Inc. for a cash consideration of $1,450,000. As a result, 3792480 Canada Inc. owned 80% of Amcan Threaded Products Inc. and Amcan Fasteners Inc. 3792480 Canada Inc. issued 1,450,000 new shares to a third party, for a cash consideration of $1,450,000 and the Company sold 425,850 shares of 3792480 Canada Inc. to this third party for a cash consideration of $546,000, thereby reducing the Company's interest in 3792480 Canada Inc. to 50%.

   The investment in 3792480 Canada Inc. is accounted for using the proportionate consolidation method beginning August 1, 2000.

years ended January 31, 2002 and 2001 (all tabular figures are expressed in thousands of dollars)

3. Divestiture and business acquisitions (continued)

The Company's share of joint venture operations included in the consolidated financial statements is summarized below:

	2002	2001
	$	$
Balance sheet		
Working capital (including cash of $233 at January 31, 2002 and bank indebtedness of $484 at January 31, 2001)	**1,569**	1,898
Capital assets	**179**	194
Other assets	**140**	226
Long-term debt	**(471)**	(488)
Future income taxes	**(5)**	(7)
Non-controlling interest	**(255)**	(322)
Net assets	**1,157**	1,501
Statements of income		
Sales	**9,388**	4,212
Expenses	**9,732**	4,158
Net (loss) earnings	**(344)**	54
Statements of cash flows		
Cash provided by (used in)		
Operating activities	**624**	(1,408)
Investing activities	**(41)**	(1,099)
Financing activities	**133**	2,023

b) On October 3, 2001, the Company disposed of its interest in Tecnogaz Quebec Inc. for cash consideration of $2,310,000, resulting in a gain of $1,758,000.

4. Accounts receivable

	2002	2001
	$	$
Contracts receivable	**107,409**	92,136
Holdback on contracts	**31,542**	20,507
Allowance for doubtful accounts	**(1,303)**	(448)
	137,648	112,195
Other receivables	**9,387**	10,435
Advances to affiliated companies, non-interest bearing	**—**	34
	147,035	122,664

5. Capital assets

		2002	
	Cost	**Accumulated amortization**	**Net book value**
	$	**$**	**$**
Land	**1,011**	**—**	**1,011**
Buildings and land improvements	**37,338**	**4,254**	**33,084**
Machinery and travelling cranes	**30,160**	**9,369**	**20,791**
Office furniture, rolling stock, computer hardware and software	**11,022**	**4,822**	**6,200**
	79,531	**18,445**	**61,086**

		2001	
	Cost	Accumulated amortization	Net book value
	$	$	$
Land	1,016	—	1,016
Buildings and land improvements	38,655	3,420	35,235
Machinery and travelling cranes	28,060	7,115	20,945
Office furniture, rolling stock, computer hardware and software	8,663	3,634	5,029
	76,394	14,169	62,225

years ended January 31, 2002 and 2001 (all tabular figures are expressed in thousands of dollars)

6. Other assets

	2002	2001
	$	$
Note receivable from a sub-contractor [1]	**6,410**	6,052
Deposit on business acquisition (Note 19)	**768**	—
Deferred pre-production costs, at amortized cost	**470**	122
Long-term debt repayment fund	**—**	494
Deferred financing fees, at amortized cost	**623**	763
Goodwill	**128**	256
Other	**143**	220
	8,542	7,907

[1] The note receivable from a sub-contractor is secured by a moveable hypothec on machinery and equipment, bears interest at the Company's average borrowing cost and is payable over a maximum of five years.

7. Bank indebtedness

	2002	2001
	$	$
Bank loans		
Canadian loan	**45,672**	33,203
United States loan (US$18,825 as at January 31, 2002; 2001 - US$13,027)	**29,881**	19,526
	75,553	52,729

The Company entered into a revolving credit facility with a bank syndicate whereby the Company can borrow up to $75,000,000. The facility bears interest at Canadian Prime Rate, US Prime Rate, Bankers' Acceptance rate or LIBOR plus a margin from 0.1% to 1.75%. As at January 31, 2002, the average interest rate on the Canadian dollar loan was 5.70% and 6.56% on the US dollar loan.

The facility is secured by a first rank hypothec on certain assets of the Company and by work-in-progress, accounts receivable and inventory. The facility is renewable annually.

In addition, a subsidiary of the Company entered into a credit facility whereby the subsidiary can borrow up to $5,000,000, secured by a hypothec on the universality of moveable property of the subsidiary. The facility bears interest at prime rate.

8. Long-term debt

	2002	2001
	$	$
Bank loan, secured pari passu by a second rank hypothec on the universality of moveable and immoveable property, present and future, of a subsidiary of the Company, interest at lender's base rate less 1.5%, repayable in monthly nstalments of $50,000 in capital, beginning in February 2002, followed by 108 monthly instalments of $100,000 in capital starting in December 2004, maturing in November 2013	**12,500**	—
Bank loan, secured pari passu by a first rank hypothec on the universality of moveable and immoveable property, present and future, of a subsidiary of the Company, interest at lender's base rate less 1.5%, repayable in monthly instalments of $150,000 in capital, beginning in September 2000, followed by 125 monthly instalments of $100,000 in capital starting in November 2004, maturing in March 2015	**17,450**	19,250
Debentures, unsecured, interest at 10%, interest payable quarterly beginning February 2002, when all accrued interest will be payable, repayable on December 28, 2005 or earlier, at the option of the Company	**15,000**	15,000
Loan, secured by a moveable hypothec on machinery and equipment of a subsidiary, at an interest rate of 5% up to November 30, 2000 and 10% subsequently, maturing in November 2002	**6,072**	5,501
Revolving bank loan, bearing interest at prime rate, maturing in August 2003	**10,000**	—
Bank loan, secured pari passu by a first rank hypothec on the universality of moveable and immoveable property, present and future, of the Company, bearing interest at lender's base rate, repayable in August 2005	**—**	9,974

years ended January 31, 2002 and 2001 (all tabular figures are expressed in thousands of dollars)

8. Long-term debt (continued)

	2002	2001
	$	$
Bank loan, secured by a moveable hypothec on machinery, at an interest rate of 6.76%, repayable into an amortization fund, maturing in September 2001	—	1,400
Bank loan, secured by a first rank hypothec on accounts receivable, equipment, inventory and general intangible assets of the subsidiary, bearing interest at US prime rate plus 0.75%, repayable in monthly instalments of $7,928 (US$5,290) capital and interest, maturing in January 2006	328	375
Obligations under capital leases, bearing interest from 7.96% to 11.87%, maturing from October 2003 to February 2005	243	274
Due to shareholders, non-interest bearing and without specific terms of repayment	—	135
Other	78	41
	61,671	51,950
Current portion	8,665	5,867
	53,006	46,083

Long-term debt matures as follows:

	Obligations under capital leases			Other debt	Total
	Minimum payments	Interest	Principal	Principal	Principal repayment required
	$	$	$	$	$
2003	111	21	90	8,575	8,665
2004	87	13	74	12,505	12,579
2005	42	8	34	2,447	2,481
2006	45	-	45	17,501	17,546
2007	-	-	-	2,400	2,400
2008 and thereafter	-	-	-	18,000	18,000
	285	42	243	61,428	61,671

9. Share capital

Authorized

An unlimited number of subordinate voting shares
An unlimited number of multiple voting shares
An unlimited number of preferred shares issuable in series

Changes in share capital during the year were as follows:

	Subordinate voting shares		Multiple voting shares		Warrants	
	Number of shares	$	Number of shares	$	Number of warrants	$
Balance at January 31, 2000	7,162,793	55,335	14,343,107	16,001	-	-
Issued (a) (b)	554,545	5,975	-	-	450,000	-
Balance at January 31, 2001	7,717,338	61,310	14,343,107	16,001	450,000	-
Issued (c)	4,700,000	38,120	-	-	500,000	1,880
Balance at January 31, 2002	12,417,338	99,430	14,343,107	16,001	950,000	1,880

years ended January 31, 2002 and 2001 (all tabular figures are expressed in thousands of dollars)

9. Share capital (continued)

a) On September 8, 2000, the Company issued, through a private offering, 100,000 subordinate voting shares for proceeds of $965,250, net of issue costs of $9,750.

b) On October 24, 2000, the Company issued, through a private offering, 454,545 subordinate voting shares for proceeds of $5,000,000. No cost was incurred with respect to this issue.

c) On April 11, 2001, the Company issued 4,700,000 subordinate voting shares to Société générale de financement for cash proceeds of $37,946,000, net of issue costs of $174,000.

Warrants

Concurrent with the issuance of the convertible debentures in December 2000 (Note 10), the Company issued to the lender 450,000 warrants which allow the purchase, up to December 2005, of 450,000 subordinate voting shares of the Company at a price of $11 per subordinate voting share. 300,000 warrants are exercisable at any time, while 150,000 warrants are exercisable in the event the Company is in default of the covenants attached to the convertible debentures and the debentures. Costs to issue these warrants amounted to $12,750.

Concurrent with the issuance of subordinate voting shares to Société générale de financement in April 2001, the Company issued 500,000 warrants, maturing in 2006, which allow the purchase of 500,000 subordinate voting shares of the Company at $11 per share, for cash proceeds of $1,871,000, net of issue cost of $9,000.

Stock option plan

The Company has a stock option plan for which 2,094,340 subordinate voting shares have been reserved for issuance. The plan requires that the exercise price under the options granted must not be less than the market value of a share at the date of grant of the option. The options are exercisable over a five-year period beginning in the year following the grant date and have a ten-year life. No compensation expense is recognized when stock options are granted to employees. Any contribution paid by employees on exercise of stock options is credited to capital stock.

At January 31, 2002, 500,000 options have been granted under the plan at an exercise price of $13.80 per share. No options were exercisable at January 31, 2002.

10. Convertible debentures

The convertible debentures bear interest at 10%, are unsecured and interest is payable quarterly beginning on February 1, 2002, when all the cumulative interest to date will be paid. The capital of the convertible debentures is repayable on December 28, 2005 or earlier, at the Company's option. The convertible debentures are convertible at any time and at the option of the Company into subordinate voting shares of the Company. The debentures are convertible into subordinated voting shares at a ratio based on the value of the Company's subordinated voting shares on the market on the day preceding the conversion.

11. Commitments

The Company is committed until October 2006, under lease agreements to rent office space and equipment for an amount of $653,000. The minimum amounts payable over the next five years are as follows:

	$
2003	294
2004	216
2005	126
2006	10
2007	7

12. Contingencies

a) *Litigation*
In 1999, a subsidiary of the Company undertook litigation against a third party to recover unpaid labour, material supplied and unpaid additional costs for a total amount of approximately $23,513,000 (US$16,277,800). An amount of $3,940,000 was recorded in the 1999 financial statements with respect to this claim. In December 2000, a judgment was rendered in favour of the Company, which was awarded US$9,983,000 plus interest. In addition, in April 2001, the Company was awarded an additional amount of US$1,071,000 to cover legal costs incurred. The defendant has filed an appeal of the original judgment. In January 2002, the appeal court rendered a decision and sent the case back to the original court. At March 31, 2002, an amount of approximately US$12,700,000 was being held in escrow to satisfy the payment of the awarded amount, pending resolution of the case. Management is confident that the resolution of this case should not have any significant impact on the financial statements of the Company.

years ended January 31, 2002 and 2001 (all tabular figures are expressed in thousands of dollars)

12. Contingencies (continued)

a) *Litigation (continued)*

In December 1998, a claim of $1,846,000 was filed against a subsidiary of the Company for alleged breach of contract. The subsidiary had also filed a counterclaim in the amount of $350,000. In June 2000, a judgment was rendered dismissing the claim against the subsidiary. The defendants have filed an appeal of the original judgment. In October 2001, the Company sold its interest in the subsidiary but has retained any financial obligation with respect to this claim. Management does not expect resolution of this claim to have a material impact on the financial statements of the Company.

A subsidiary of the Company has received a notice of assessment from a municipality for unpaid taxes for an amount of approximately $802,000 plus interest. Management intends to vigorously defend this claim. It is premature at this time to determine the outcome of this matter, which should not have a significant impact on the financial statements of the Company.

In the normal course of its operations, the Company becomes involved in various claims and legal proceedings. While the final outcome with respect to claims and legal proceeding pending at January 31, 2002 cannot be predicted with certainty, it is the opinion of management that their resolution will not have a material adverse effect on the Company's financial position or results of operations.

b) *Bonding agreements*

In the normal course of business, the Company may be required by clients, from time to time, to provide performance bonds and/or payment bonds, in respect of certain contracts, which guarantee payment for labour, material and services in the event of default by the Company. In order to provide such bonds, certain subsidiaries of the Company have entered into general indemnity agreements with a bonding company. To guarantee the obligations of the Company's subsidiaries thereunder, these subsidiaries have granted to the bonding company movable hypothecs on certain assets such as rights, titles, licences, equipment and work in process.

13. Income taxes

The provision for income taxes is comprised of the following:

	2002	2001
	$	$
Provision using basic income tax rates	**13,776**	14,216
Decrease resulting from:		
Manufacturing and processing credit de transformation	**(2,428)**	(1,448)
Other	**(315)**	(629)
	11,033	12,139

As at January 31, the future income tax assets and liabilities were as follows:

	2002	2001
	$	$
Future income tax assets		
Tax loss carryforwards	**4,115**	3,503
Deferred charges	**555**	650
Holdbacks payable	**1,677**	154
Other	**151**	17
	6,498	4,324
Future income tax liabilities		
Capital assets	**3,736**	3,538
Holdbacks receivable	**8,251**	5,305
Other	**—**	167
	11,987	9,010
Future income tax liabilities - net	**5,489**	4,686
Included in:		
Future income tax assets - non-current	**1,180**	465
Future income tax liabilities - current	**6,669**	5,151

years ended January 31, 2002 and 2001 (all tabular figures are expressed in thousands of dollars)

14. Related party transactions

In the normal course of business, certain transactions were concluded with shareholders' companies and other affiliated companies related to shareholders. These transactions are measured at the exchange amount, which approximates market value, and are summarized below:

	2002	2001
	$	$
Interest income	**13**	37
Management fees	**1,127**	299
Interest on due to affiliated companies	**—**	60
Rent	**424**	191

15. Income per share

Income per share was calculated using the treasury stock method. The table below reconciles the numerator and denominator used in basic and diluted income per share calculation.

	2002	2001
	$	$
Numerator		
Net income	**25,274**	24,215
Interest on convertible debentures, net of income taxes	**(928)**	(86)
Numerator for basic income per share	**24,346**	24,129
Effect of dilutive securities		
Interest on convertible debentures	**928**	86
Numerator for diluted income per share	**25,274**	24,215
Denominator		
Average number of shares - basic	**25,871,952**	21,668,914
Effect of dilutive securities		
Convertible debentures	**1,101,322**	157,572
Warrants	**164,564**	—
Average number of shares - diluted	**27,137,838**	21,826,486

Stock options outstanding at January 31, 2002, were not included in the computation of diluted income per share because their exercise price was greater than the average market price of the subordinate voting shares.

Warrants to purchase 450,000 subordinate voting shares at $11 per share were outstanding at January 31, 2001 but were not included in the computation of diluted earnings per share in 2001 because the exercise price was greater than the average market price of the subordinate voting shares.

16. Pension plans

Effective May 2001, the Company implemented a deferred contribution pension plan for certain of its employees. The Company is required to contribute a percentage on the employees' salaries. Contributions made by the Company for the year ended January 31, 2002 amounted to $755,694.

17. Financial instruments

Credit risk
The Company provides credit to its clients in the normal course of its operations. It carries out, on a continuing basis, credit checks on its clients and maintains provisions for contingent credit losses. For other amounts receivable, the Company determines, on a continuing basis, the probable losses and sets up a provision for losses based on the estimated realizable value.

Concentration of credit risk with respect to receivables is limited as the Company's customers tend to be large general contractors servicing adequately funded projects. The Company also retains certain lien rights.

Currency risk
The Company realizes approximately 80% of its sales in foreign currency and does not enter into foreign exchange contracts to manage its foreign exchange risk.

Interest rate risk
The long-term debt bears variable interest rates for approximately 65% of the outstanding loans. The Company does not use hedging instruments to mitigate this risk.

years ended January 31, 2002 and 2001 (all tabular figures are expressed in thousands of dollars)

17. Financial instruments (continued)

Fair values

The fair values of accounts receivable, bank indebtedness and accounts payable and accrued charges correspond approximately to their carrying amounts because of their short-term maturity dates.

The fair values of the components of long-term debt are determined by discounting future cash flows in accordance with existing financing agreements, based on the market interest rates offered to the Company for loans with similar terms and conditions and maturity dates. The Company's estimated fair values of long-term debt and convertible debentures are as follows:

	2002		2001	
	Carrying amount $	**Fair value $**	Carrying amount $	Fair value $
Convertible debentures	**15,000**	**15,000**	15,000	15,000
Long-term debt	**61,671**	**61,575**	51,950	51,738

18. Segment reporting

The Company operates principally in Canada and the United States in two business segments: Manufacturing and erection of structural steel elements and structures and supply of services and materials. The Company designs, engineers and manufactures structural steel for the non-residential construction industry and provides erection services ("Structural steel"). The Company is also involved in the distribution of industrial gas, welding and safety equipment (up to October 2001), bolt products and metal fasteners, the provision of metal surface treatment services and the rental of heavy construction equipment ("Supply and services"). The Company reviews the performance of each segment based on the net income of each segment, adjusted for specific items arising from the consolidation process. The accounting policies of the operating segments are the same as those described in the summary of significant accounting policies. Inter-segment revenues are recorded at market prices. Revenues and assets are attributed to geographic areas based on the location of the customer.

	2002			
	Structural steel $	**Supply and services $**	**Other [1] $**	**Total $**
Sales from external customers	**498,288**	**11,205**	**686**	**510,179**
Inter-segment sales	**1,034**	**11,870**	**2,688**	**15,592**
Interest expense	**7,940**	**250**	**—**	**8,190**
Amortization of capital assets	**5,518**	**395**	**25**	**5,938**
Income taxes	**10,694**	**323**	**16**	**11,033**
Share of loss (income) of non-controlling interest	**(111)**	**40**	**—**	**(71)**
Net income	**25,630**	**(390)**	**34**	**25,274**
Capital assets	**60,354**	**179**	**553**	**61,086**
Acquisition of capital assets	**9,280**	**184**	**—**	**9,464**

[1] Includes corporate activities.

	2001			
	Structural steel $	Supply and services $	Other [1] $	Total $
Sales from external customers	317,281	16,088	1,016	334,385
Inter-segment sales	2,202	11,880	10,377	24,459
Interest expense	5,676	201	—	5,877
Amortization of capital assets	3,812	562	25	4,399
Income taxes	11,681	423	35	12,139
Share of income of non-controlling interest	1,237	(330)	—	907
Net income	23,715	427	73	24,215
Capital assets	55,949	5,701	575	62,225
Acquisition of capital assets	23,232	960	—	24,192

[1] Includes corporate activities.

years ended January 31, 2002 and 2001 (all tabular figures are expressed in thousands of dollars)

18. Segment reporting (continued)

Information concerning principal geographic areas is as follows:

	2002		2001	
	Revenues	**Capital assets**	Revenues	Capital assets
	$	**$**	$	$
Canada	**103,954**	**55,022**	73,584	58,922
United States	**406,225**	**6,064**	260,801	3,303
	510,179	**61,086**	334,385	62,225

19. Subsequent event

On March 27, 2002, the Company acquired the operating assets of SMI-Owens Inc. of Columbia, South Carolina for cash consideration of $31,500,000 (US$19,700,000) plus acquisition costs. The net assets acquired are as follows:

	$
Working capital	8,300
Capital assets	23,200
Net assets acquired	31,500
Consideration paid (including deposit of $768)	31,500

The allocation of the purchase price is preliminary and subject to change following the completion of the valuation of the assets acquired and determination of final acquisition costs.

20. Comparative figures

Certain figures for the preceding year have been reclassified in order to conform to the presentation adopted in the current year.

BOARD OF DIRECTORS

Jean Paschini (2)
Chairman of the Board and Chief Executive Officer
ADF Group Inc.

Pierre Paschini, P.E.
President and Chief Operating Officer
ADF Group Inc.

Marise Paschini
Executive Vice-President, Treasurer and Corporate Secretary
ADF Group Inc.

Marc Belcourt, Eng. (2)
Consultant, Construction

Ronald A. Black (1)(2)
Chief Operating Officer, Corporate Secretary and Treasurer
American Iron & Metal Co.

Marc Filion, Ph.D., MBA, Eng. (1)(2)
President and Chief Operating Officer
SGF Minéral Inc.

Jacques Simoneau, Eng., Ph.D. (1)
Vice-President, Investment Group
Fonds de solidarité FTQ

Jacques Landreville (1)(2)
President and Chief Executive Officer
Uni-Select Inc.

(1) Member of the Audit Committee
(2) Member of the Corporate Governance and Human Resources Committee

To uphold the quality of its strategic planning and management practices, in the interests of its shareholders, the ADF Group has established an eight-member Board of Directors, five of whom are unrelated to the Company, selected for the operational and strategic know-how they bring to ADF. In addition, the Board has set up an Audit Committee and a Corporate Governance and Human Resources Committee comprised of unrelated directors. These committees see to the proper conduct and compliance of the Company's practices in regard to, among other things, its business risk management and its financial reporting and disclosure.

EXECUTIVE COMMITTEE

Jean Paschini
Chairman of the Board and Chief Executive Officer

Pierre Paschini, P.E.
President and Chief Operating Officer

Marise Paschini
Executive Vice-President, Treasurer and Corporate Secretary

Yves Cloutier
Vice-President, Project Valuation

Richard Côté, Eng.
Vice-President, Contract

Alain Desrosiers, MBA
Vice-President, Cash Flow Management

Carolyn Hanson, M. Eng.
Vice-President, Engineering

Gilbert B. Monette, C.A.
Vice-President, Finance

Daniel Rozon
Vice-President, Procurement

Ivan Antolin
Vice-President, Project Management

Robert Speak, PQS
Vice-President, Contract Administration

Joaquim Vaz
Vice-President, Construction

ADF has put together a high-calibre management team capable of handling every aspect and phase of a project in synergy and with efficiency. Their combined expertise and daily interaction, and the motivation they instill in their teams enable ADF to provide clients with avant-garde solutions and accelerate the critical path of their projects, while respecting the highest quality standards.